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OF COUNSEL  
WILLIAM G. CONLY

October 20, 2006

Honorable James H. Welsh  
Commissioner of Conservation  
State of Louisiana  
Post Office Box 44275  
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Cotton Valley Formation, Reservoir A, and Hosston  
Formation, Reservoir A, CANADIAN BAYOU  
FIELD, DeSoto Parish, Louisiana.

Dear Sir:

BEUSA ENERGY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Cotton Valley Formation, Reservoir A, and to the Hosston Formation, Reservoir A, in the Canadian Bayou Field, DeSoto Parish, Louisiana:

## Cotton Valley Formation, Reservoir A

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A.
2. To create two (2) drilling and production units for the exploration for and production of gas and condensate from the Cotton Valley Formation, Reservoir A, such units being designated CV RA SUA and CV RA SUB, and being shown on an attached plat.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units with each separate tract sharing in unit production on a surface acreage basis of participation.
4. To designate an Operator of, and unit wells for, the proposed units as may be appropriate.
5. To provide that future wells drilled to the Cotton Valley Formation, Reservoir A, be located no closer than 660 feet to any unit line and no closer than 2,000 feet to any well completed in, drilling to, or for which a permit shall have been granted to drill to the Cotton Valley Formation, Reservoir A.
6. To permit Applicant to combine downhole production from the Cotton Valley Formation, Reservoir A, with production from the Hosston Formation, Reservoir A, in any well drilled on the identical units for those formations in which the interests in such units are identical.

7. To define the Cotton Valley Formation, Reservoir A, as the stratigraphic equivalent of that gas and condensate bearing interval encountered between the depths of 9,140 feet and 10,177 feet, electric log measurements, in the Bidas Energy USA, Inc.--John A. Blunt 14 No. 1 Well, located in Section 14, Township 12 North, Range 15 West, DeSoto Parish, Louisiana.

8. To consider such other matters as may be pertinent to the Cotton Valley Formation, Reservoir A.

#### Hosston Formation, Reservoir A

1. To permit Applicant to drill, designate and utilize substitute unit wells for HOSS RA SUA and for HOSS RA SUB, at the locations shown on an attached plat, and to approve an exception to the spacing provisions of Office of Conservation Order No. 708-D, effective August 29, 1979, for the location of the proposed substitute unit well for HOSS RA SUB.

2. To find that drilling, designation and use of substitute unit wells for HOSS RA SUA and for HOSS RA SUB is necessary to efficiently and economically drain portions of the Hosston Formation, Reservoir A, underlying these units which cannot be efficiently and economically drained by any existing well on these units.

3. To designate Applicant as Operator of HOSS RA SUA and of HOSS RA SUB.

4. To discuss such other matters as may be pertinent to the Hosston Formation, Reservoir A.

The Hosston Formation, Reservoir A, in the Canadian Bayou Field, DeSoto Parish, Louisiana, was defined in Office of Conservation Order No. 708-D, effective August 29, 1979.

Any pertinent data concerning this application will be available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Boulevard, Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect any such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated October 9, 2006, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set November 10, 2006, as the tentative date for the pre-application conference. No conference request was received; accordingly, no pre-application conference will be held.

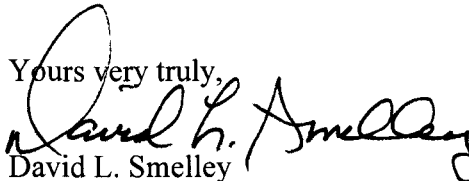
Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of the two unit plats (which are identical to the unit plats attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of the

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attached plats is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Canadian Bayou Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

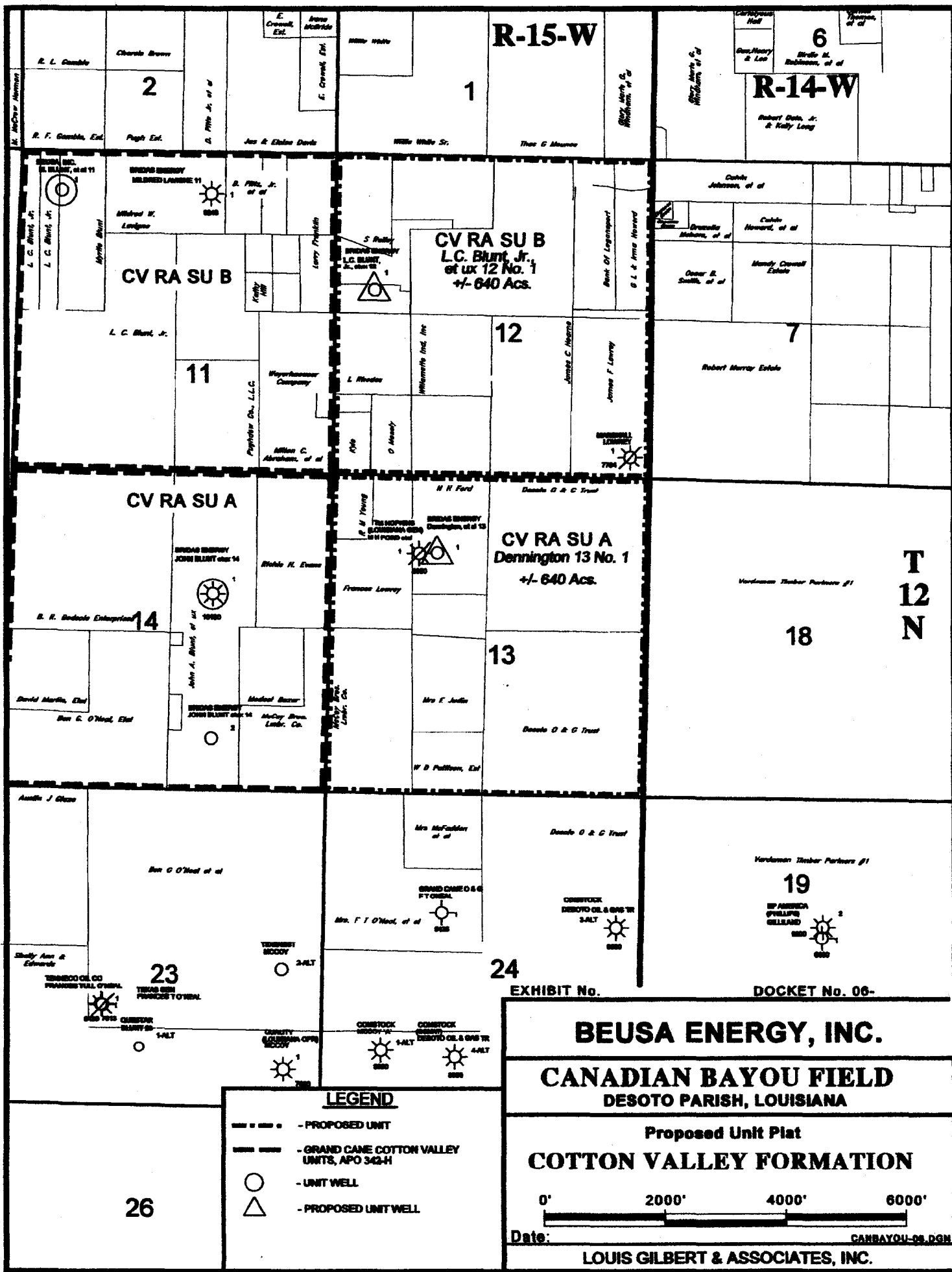
Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,  
  
David L. Smelley

-- Attorney for BEUSA Energy, Inc.

DLS:dp  
Enclosures

cc: Mr. Jim Broussard (w/encls.)  
Ms. Linda McGowen (w/encls.)  
Mr. Jerry Loyd (w/encls.)  
Mr. Louis Gilbert (w/encls.)  
Interested Owners, Represented Parties  
and Interested Parties (w/plats only)



1

6

**R-14-W**

2

**HOSS RA SU K**

11

**HOSS RA SU B**

12

7

**HOSS RA SU A**

14

**HOSS RA SU A**

13

**T  
12  
N**

18

# HOSS RA' SU G

**HOSS RA SU BB  
(SPIDER)**

**HOSS RA SU Z  
(SPIDER)**

19

24

**EXHIBIT No.**

DOCKET No. 06-

**BEUSA ENERGY, INC.**

**CANADIAN BAYOU FIELD**  
**DESOTO PARISH, LOUISIANA**

### Proposed Substitute Unit Well Plat

## HOSS RA SU A AND SU B

0'                      2000'                      4000'                      6000'

Date:

CANBAYOU-08.DGN

**LOUIS GILBERT & ASSOCIATES, INC.**

**HOSS RA SU H**

26

## LEGEND

- CANADIAN BAYOU HOSSTON  
UNITS, AS PER 708-D SERIES
- GRAND CANE HOSSTON  
UNITS, AS PER 342-B SERIES
- UNIT WELL
- PROPOSED SUBSTITUTE UNIT WELL